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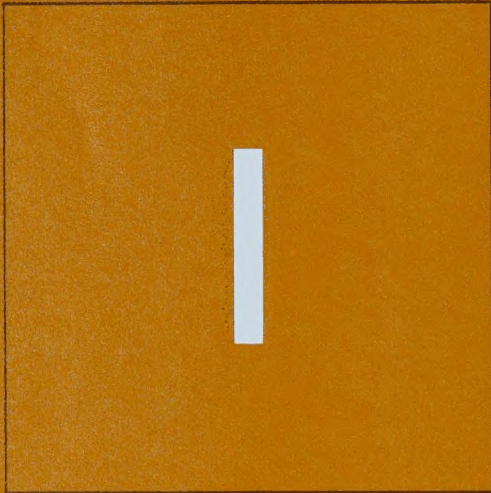
*Formerly Imperial Tobacco Company of Canada Limited

The New Symbol

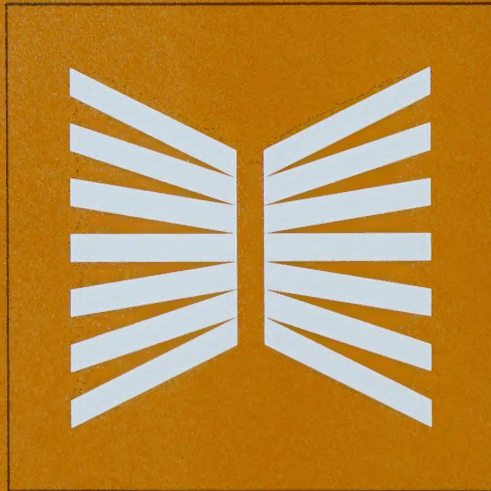
The Imasco symbol represents an expanding group of companies, closely related through a common underlying endeavour, the development and marketing of consumer products of high quality. Expansion and growth bring certain images to mind, such as a tree branching out.



In relating this imagery to the word Imasco, the initial 'I' in simplified form might be the trunk of a tree.



From this initial, the branches of the various divisions extend. Although the branches are defined at the ends, they imply the capacity for further growth beyond their present definition. Dynamism, growth and a contemporary and progressive attitude are thus reflected in the symbol.



The Year at a Glance	1970	1969	Increase
Thousands of dollars			
Sales	582,163	512,987	69,176
Net earnings before extraordinary items	15,691	13,383	2,308
Net earnings after extraordinary items	15,691	12,226	3,465
Earned per common share before extraordinary items	1.59	1.35	0.24
Dividends per common share*			
Regular dividends	.70	.70	—
Extra dividends in respect of prior year	.10	.10	—
Total paid in the year	.80	.80	—
Working capital	99,087	95,650	3,437
Total assets	243,151	234,136	9,015
Shareholders' equity	127,031	119,221	7,810

*In February 1971 an extra dividend was declared of 20 cents per common share in respect of 1970.

This is our first major communication to you under our new name, Imasco Limited. In 1970, we changed our name, moved our corporate headquarters, and adopted a symbol to give visual expression to our new structure and character.

These and other changes are the result of long planning to meet the challenges of today's marketplace. Although the head office is physically separated from all our operating companies, we shall keep our contacts with them close and continuous.

The Company has been organized into three divisions, Tobacco, Food and UCS, with Imasco Limited as the senior operating company.

Three new directors were elected at a Special General Meeting in September. They are Ian W. Murray, John J. Ruffo and John F. Taormina, and all are vice-presidents of Imasco Limited.

These senior appointments of executives skilled in management and marketing reflect our stronger orientation towards growth in the marketing of diversified consumer products in Canada and the United States.

Norman A. Dann has been named vice-president of public relations, an appointment that reflects our awareness of the importance of good communications at all levels, both inside and outside the Company.

We have had record financial results with some outstanding performances by several companies in the group, notably Imperial Tobacco Products Limited, United Cigar Stores, Limited, Growers' Wine Company Limited and Pasquale Bros. Limited.

Consolidated sales for the year were \$582,163,000, a 13 per cent increase over 1969.

Operating profit for the year was \$35,529,000, an increase of 22 per cent

over last year. Net earnings were \$15,691,000, equal to \$1.59 a share, compared with \$1.35 in 1969 before extraordinary items.

Dividends for 1970, including an extra 20 cents declared February 1, 1971, totalled 90 cents a common share. This is 10 cents a share higher than for 1969.

Two senior executives resigned from the Board of Directors in 1970. Leo C. Laporte, a leading authority in the field of tobacco science in Canada, has become the full-time executive director of the Canadian Tobacco Manufacturers Council. Gilles H. Paquette withdrew from the Board for health reasons but remains active in personnel administration.

Our new corporate structure and the competitive nature of the industries in which the Imasco group of companies operates have brought new responsibilities to many of our employees. We believe that good communications, personal contact, and challenging opportunities will make every employee aware that each is an important part of Imasco Limited.

On behalf of the Board of Directors



President

Montreal, February 19, 1971

Three directors appointed in 1970 meet with President Paul Paré in the Company's new offices at Westmount Square. From left, John J. Ruffo, Ian W. Murray, Mr. Paré and John F. Taormina.



Tobacco Division

The two most significant events in the tobacco industry in 1970 were the success of Sweet Caps and the industry's voluntary withdrawal of incentive promotions.

For Imperial Tobacco Products, 1970 results were the best ever achieved in the history of the company. In a year in which unit cigarette sales in Canada were up by seven per cent, Imperial Tobacco's sales increased by 16 per cent.

Sweet Caporal cigarettes, one of Imperial Tobacco's oldest trademarks, held a relatively minor position in the market when it was re-introduced in the Maritime Provinces in late 1969. With new packaging and an exciting promotional game, Sweet Caporal quickly broke all records for market performance of a new brand.

On July 1, 1970, the industry discontinued all cash and instant gift incentive programs. This voluntary withdrawal by the Company together with the rest of the industry was primarily in response to criticism of these marketing practices by some government authorities.

As expected, the principal effect of this move was the decline of all brands in this segment of the market. Sweet Caporal, because of its leading position, inevitably suffered the most, although both this brand and Peter Jackson stabilized within months and remain highly popular.

A secondary effect has been a return of customer loyalty to non-incentive brands, and benefiting from this trend have been such well established Imperial Tobacco trademarks as Player's and du Maurier.

The company continues to associate these two brands with major sporting and cultural activities in Canada. The fifth Player's Grand Prix sports car race will be held this year at Mosport Park, Ontario and Player's will extend its support in 1971 to regional motor racing events, principally in British Columbia and Ontario.

During the year, du Maurier cigarettes sponsored symphony pops concerts in Vancouver, Regina and Winnipeg. Called "du Maurier Presents", this series of concerts will be extended in 1971 to Calgary, Edmonton, Hamilton and other cities. In Quebec, the company is a major supporter of ballet and also contributes to many other groups in the performing arts.

A significant event in the Canadian world of golf took place in November with the signing of a five year contract between Imperial Tobacco Products Limited and the Royal Canadian Golf Association, linking Peter Jackson cigarettes with the Canadian Open Golf Championship. Peter Jackson will guarantee \$150,000 in prize money, and sponsor provincial "opens" across the country.

The company's interest in the social problems of environmental control and conservation is tangibly expressed in the White Owl Conservation Award which is presented annually to the individual or organization judged to have contributed most to conservation in Canada. Nine prominent Canadians joined the Award Committee early in 1970 and helped to distribute White Owl grants to action groups across the country.

The Award Committee sponsored a conference of the leaders of anti-pollution and conservation organizations in Canada in August which resulted in the formation of a national coordinating office called the Canadian Association on Human Environment.

The cigar market in Canada increased by an unprecedented 11 per cent in 1970. This growth is largely attributable to the increasing sales of small cigars or cigarillos. During the year, General Cigar Company introduced Colts, a new member of the Old Port family. These cigars, shorter than cigarillos and plastic tipped, have proved extremely popular in the selected areas where they have been marketed and will be distributed nationally as stock becomes available.

Supplies of flue-cured tobacco for both domestic use and export will be plentiful in 1971. The 1970 Ontario crop, planted to obtain a yield of 170,000,000 pounds, will exceed this figure by some 25,000,000 pounds.

In October, notice of legislation to limit tobacco marketing activities was included in the Speech from the Throne at the opening of parliament. To date, no legislation has been introduced in the House of Commons. The Company, in concert with the other members of the Canadian Tobacco Industry, stands ready as always to cooperate with the government.

Food Division

The Food Division of the Company, incorporated under the name of Imasco Foods Corporation, is made up of Progresso Foods Corp., S and W Fine Foods, Inc. and Pasquale Bros. Limited. General manager of the Food Division is John F. Taormina who is assisted by a team of specialists experienced in all aspects of food processing and marketing.

Construction of a large food processing plant at Vineland, New Jersey, was completed in the autumn of 1970, replacing an older building in the same city. Installation of machinery is underway, initial production lines are being run in and an engineering program to meet production requirements of the Food Division is being implemented.

A can-making installation has been built in conjunction with the Vineland plant. This facility will provide ready availability of containers and will be in production during the first half of 1971.

In September, Progresso Foods began market-testing its products on the west coast of the United States in cooperation with S and W, and first results are encouraging.

Sales of S and W products increased in 1970 but profits declined owing to con-

Top : Peter Jackson cigarettes became the new sponsor of the Canadian Open Golf Championship in 1970. The sponsorship agreement was signed at Richelieu Valley Golf and Country Club by Arthur Johnson and J. Campbell MacLean on behalf of the Royal Canadian Golf Association, and Paul Paré and Edmond Ricard for Peter Jackson cigarettes.

Bottom left : A combination of quality and an exciting Poker Hands game for cash prizes made Sweet Caporal cigarettes an outstanding success in 1970.

Bottom right : A management team was formed in 1970 to coordinate the activities of the three companies in the Food Division. Made up of senior members of Imasco Limited and the food companies, this group is responsible for planning and developing corporate food interests in both the United States and Canada.



Play "Poker Hands"
win \$1 to \$1000

2 "Poker Cards"
in every pack!

Now in Filter King Size and Regular

You bet your Sweet Caps!



tinuing depressed margins in the food industry in the United States.

Legislation against the use of cyclamates in diet foods caused inventory losses of some \$455,000 in one of the two Nutradiet lines. A new formula is now used in the sweetened Nutradiet line and sales are returning to normal levels and should increase in 1971.

In Canada, Pasquale Bros. Limited had an exceptionally good year and more extensive market coverage for Unico products is planned for 1971.

The opening of the Vineland plant, the formation of the Food Division, the consolidation and integration of facilities among the three companies and the planning of an aggressive marketing campaign have been the chief activities in the food group in 1970. These activities will continue in 1971, and major advances in the marketplace can be looked for in 1972.

UCS Division

The UCS Division comprises United Cigar Stores, Limited, Growers' Wine Company Limited, and Simtel/Editel.

Benefiting from a new management philosophy which emphasizes decentralization, United Cigar Stores had a record year in 1970. Operating profits of \$784,000 were up \$701,000.

Growers' Wine also had a good year in 1970. Sales increased by 13 per cent and net profit by 75 per cent.

Several new brands of wine were introduced in 1970, initially in British Columbia. They are Beau Séjour Cold Duck, Duet Sparkling Rosé and White, Muana Kai, and Beau Séjour Red Extra Dry.

Simtel/Editel has become one of Canada's most advanced video tape production companies. In 1970, the company developed a portable color video tape camera. Designed by Ross Jebson, vice-president,

utilizing Ampex equipment, the camera has great potential for outside broadcasting and the production of television commercials. In 1971 the company will also acquire a mobile unit containing five color cameras and editing, playback and audio facilities for producing finished programs on video tape.

Top : In the food processing department of the Vineland plant, Eugene Taormina, Jr., plant manager, at right, shows some of the quality ingredients that go into Progresso products to Gordon Fuller and Clifford Warren.

Bottom : Ross Jebson demonstrates features of the new portable video tape color camera to John Douglas, president of Simtel/Editel, at the company's studios in Place Bonaventure, Montreal.



Divisional Organization and Principal Operating Companies

Intasco Limited
Montreal, Canada

Directors

William H. Booth
Bernard Dansereau, Q.C.
John M. Keith
Ian W. Murray
Paul Paré
L. Edmond Ricard
George G. Ross, C.A.
John J. Ruffo
John F. Taormina
Clifford Warren

Officers

John M. Keith, Chairman of the Board
Paul Paré, President
William H. Booth, Vice-President
Norman A. Dann, Vice-President
Bernard Dansereau, Q.C., Vice-President
and General Counsel
Ian W. Murray, Vice-President
Gilles H. Paquette, Vice-President
L. Edmond Ricard, Vice-President
George G. Ross, C. A., Vice-President
John J. Ruffo, Vice-President
John F. Taormina, Vice-President
Clifford Warren, Vice-President
Norman J. Flynn, Secretary
Matthews Glezos, Treasurer
Ronald F. Findlay, C. A., Corporate
Comptroller
Gerald L. Bazinet, Assistant Secretary
John N. Economides, Assistant Treasurer

Food Division

Tobacco Division

**Imperial Tobacco Products Limited
Montreal, Canada**

Paul Paré, President
L. Edmond Ricard, Vice-President and
General Manager
Peter R. Austin, Vice-President
Robertson M. Gibb, Vice-President
D. Edward Kearney, Vice-President
Thomas R. Lamont, Vice-President
Jean-Louis Mercier, Vice-President and
Comptroller
William J. Ross, Vice-President
Lorne A. Rowell, Vice-President
Jean St-Jacques, Vice-President
Clifford Warren, Vice-President
Douglas G. Myers, Secretary
Matthews Glezos, Treasurer
Gerald L. Bazinet, Assistant Secretary

**General Cigar Company, Limited
Montreal, Canada**

Robert B. Alexander, President
G. William Goring, Vice-President
D. Edward Kearney, Vice-President
L. Edmond Ricard, Vice-President
Clifford Warren, Vice-President
Norman J. Flynn, Secretary
Matthews Glezos, Treasurer
Gerald L. Bazinet, Assistant Secretary

**Imperial Leaf Tobacco Company
of Canada Limited
Montreal, Canada**

Paul Paré, President
D. Edward Kearney, Vice-President
L. Edmond Ricard, Vice-President
Clifford Warren, Vice-President
Norman J. Flynn, Secretary
Matthews Glezos, Treasurer
Gerald L. Bazinet, Assistant Secretary

**Imasco Foods Corporation
New York, U.S.A.**

Paul Paré, President
John F. Taormina, Vice-President and
General Manager
Gordon W. Fuller, Vice-President
Nicholas R. Marona, Vice-President
George J. Torggler, Vice-President,
Secretary and Comptroller
Matthews Glezos, Treasurer
Gerald L. Bazinet, Assistant Secretary

**Progresso Foods Corp.
Jersey City, U.S.A.**

Frank G. Taormina, Chairman of the
Board
John F. Taormina, President
Edward Laraja, Vice-President
Nicholas R. Marona, Vice-President
Eugene Taormina, Jr., Vice-President
George J. Torggler, Vice-President
Gasper Taormina, Secretary, Treasurer
and Comptroller
Gerald L. Bazinet, Assistant Secretary
Matthews Glezos, Assistant Treasurer

**S and W Fine Foods, Inc.
San Francisco, U.S.A.**

Robert B. MacLean, Chairman of the
Board
Lawrence L. Anderson, Jr., President
Charles R. Angin, Vice-President
Norman L. Correia, Vice-President,
Secretary and Comptroller
Robert C. Fogel, Vice-President
Robert M. Hrubesch, Vice-President
Matthews Glezos, Treasurer
Gerald L. Bazinet, Assistant Secretary
Alvin D. Thomas, Assistant Secretary

**Pasquale Bros. Limited
Toronto, Canada**

Edward C. Pasquale, Sr., Chairman of the
Board
Edward C. Pasquale, Jr., President
Nito Pasquale, Vice-President
Mrs. Georgina Madott, Secretary/
Treasurer
Gerald L. Bazinet, Assistant Secretary
Matthews Glezos, Assistant Treasurer

**United Cigar Stores, Limited
Toronto, Canada**

John J. Ruffo, President
J. Raymond Denis, Vice-President
Borden D. Joynt, Vice-President
G. H. Kelly, Vice-President
J. F. Mathers, Vice-President and
Treasurer
V. W. McWatters, Vice-President
G. G. Sherwood, Vice-President
Peter A. Thomson, Vice-President and
Secretary
F. C. Van Parys, Vice-President
H. B. Wells, Vice-President
B. D. Williams, Vice-President
Gerald L. Bazinet, Assistant Secretary
K. L. Murphy, Assistant Secretary

**Growers' Wine Company Limited
Victoria, Canada**

H. Derek Haxell, President
A. Donald Lauder, Vice-President
Ronald M. Statham, Secretary/Treasurer

**Simtel Incorporated
Editel Productions Ltd
Montreal, Canada**

A. John Douglas, President
G. Ross Jebson, Vice-President
Joseph T. Coates, Secretary/Treasurer

Comments on the Year's Operations

Consolidated earnings	<p>Consolidated sales for 1970 at \$582,163,000 showed an increase of \$69,176,000 or 13.5%. The Tobacco Division, whose sales were up \$54,325,000 or 14%, accounts for 79% of this increase. Food Division sales increased by \$14,573,000 principally due to the inclusion of Progresso Foods Corp. and Pasquale Bros. Limited for the full year as compared with nine months and three months respectively in 1969. Wine sales showed a decrease of \$145,000 brought about by the disposal of the business of Beau Chatel Wines Limited at the end of 1969. Growers' Wine Company Limited's sales increased 13% to \$5,925,000. Consolidated earnings from operations at \$35,529,000 were up \$6,495,000 or 22%. The increases occurred in tobacco operations \$6,511,000, retail operations \$701,000 and wine operations \$552,000 and were offset by a decrease of \$378,000 in the Food Division and an increase in general administration and nonrecurring items of \$891,000.</p>	<p>Included in general administration and nonrecurring items in Note 2 to the financial statements are three significant nonrecurring items; a loss incurred on inventories of products containing cyclamates of \$455,000, start up costs of the new food processing plant \$288,000, and a nonrecurring profit of \$803,000 on the sale of properties by United Cigar Stores, Limited and Growers' Wine Company Limited. In addition, final disposal costs of Beau Chatel Wines Limited and other nonrecurring items amounted to \$239,000. Interest at \$4,610,000 showed an increase of \$1,070,000 reflecting increased borrowings for a longer period at higher rates of interest. Net earnings before extraordinary items at \$15,691,000 were up \$2,308,000 or 17% over last year. After making allowance for dividends on preferred shares, net earnings amounted to \$1.59 per common share compared with \$1.35 before extraordinary items in 1969.</p>
Consolidated retained earnings	<p>Owing to certain income tax considerations affecting the 1969 acquisitions, adjustments of \$203,000 to goodwill written off have been credited to retained earnings. After the above adjustments pertaining to goodwill, the payment of common dividends totalling \$7,736,000</p>	<p>or 80 cents per share and allowance for dividends on the 6% cumulative preference shares of \$348,000, consolidated retained earnings at \$70,648,000 increased \$7,810,000 from the 1969 figure of \$62,838,000.</p>
Balance sheet	<p>Working capital at \$99,087,000 increased \$3,437,000 as explained in the Consolid-</p>	<p>ated Statement of Source and Application of Funds.</p>
General	<p>An extra dividend of 20 cents per common share in respect of 1970 results and the first interim dividend for 1971 of 17½ cents per share were declared payable March 31, 1971. The company is considering long term</p>	<p>borrowing, chiefly to replace term bank loans of some \$29,000,000 in U.S. funds. A preliminary prospectus has been filed with the principal securities commissions in Canada.</p>

Consolidated Statement of Earnings

1970

1969

Thousands of dollars

Sales (Note 2)	582,163	512,987
Sales and excise taxes	258,166	224,962
	323,997	288,025
Operating costs (Note 5)	288,468	258,991
Earnings from operations (Note 2)	35,529	29,034
Income from investments	191	522
Interest expense (Note 5)	(4,610)	(3,540)
Earnings before income taxes	31,110	26,016
Income taxes (Note 5)	15,154	12,540
	15,956	13,476
Minority interest	265	93
Net earnings before extraordinary items	15,691	13,383
Extraordinary items (Note 3)	—	(1,157)
Net earnings after extraordinary items	15,691	12,226
Earnings per common share		
Before extraordinary items	\$1.59	\$1.35
After extraordinary items	\$1.59	\$1.23

Consolidated Statement of Retained Earnings

Retained earnings — beginning of year	62,838	83,363
Net earnings after extraordinary items	15,691	12,226
Redemption of 6% cumulative preference shares	—	(30)
Goodwill on consolidation of subsidiary companies (Note 1)	203	(24,637)
Dividends (Note 8)	(8,084)	(8,084)
Retained earnings — end of year	70,648	62,838

The attached notes form an integral part of these statements.

Consolidated Balance Sheet

1970

1969

Thousands of dollars

Current assets			
	Cash and term deposits	6,365	19,870
	Marketable securities (at market value)	69	58
	Accounts receivable	36,624	35,561
	Notes receivable	3,976	—
	Inventories (Note 4)	125,293	111,405
	Prepaid expenses	1,452	924
	Total current assets	173,779	167,818
Current liabilities			
	Bank indebtedness	32,243	27,786
	Accounts payable and accrued liabilities	19,992	19,822
	Income, excise and other taxes	22,457	22,299
	3% sinking fund debentures	—	2,261
	Total current liabilities	74,692	72,168
Working capital (net current assets)		99,087	95,650
Other assets			
	Notes receivable	14,973	18,176
	Deferred charges	890	1,085
	Fixed assets (Note 6)	53,508	47,056
	Goodwill, trademarks and patents	1	1
	Excess of assets over current liabilities	168,459	161,968
Other liabilities			
	Long term debt (Note 7)	34,476	36,956
	Deferred income taxes	5,485	4,559
	Minority interest	1,467	1,232
		41,428	42,747
	Excess of assets over liabilities	127,031	119,221
Shareholders' equity			
	Capital stock (Note 9)	54,153	54,153
	Capital surplus (Note 5)	2,230	2,230
	Retained earnings	70,648	62,838
		127,031	119,221

The attached notes form an integral part of these statements.

Approved by the Board,
Paul Paré, Director
G. G. Ross, Director

Consolidated Statement of Source and Application of Funds		1970	1969
		Thousands of dollars	
Source of funds	Net earnings before extraordinary items	15,691	13,383
	Non-cash items :		
	Depreciation	4,132	4,371
	Deferred income taxes	1,121	(299)
	Deferred charges	120	(40)
	Loss (gain) on disposal of fixed assets	(548)	973
	Minority interest	247	93
	Funds provided from operations	20,763	18,481
	Sale of fixed assets	1,805	945
	Sale of subsidiary companies	—	2,881
	Income tax adjustments	359	—
	Working capital of consolidated subsidiaries acquired	—	12,687
	Notes receivable	3,334	(1,365)
		26,261	33,629
Application of funds	Dividends	8,084	8,084
	Dividends to minority shareholders of subsidiaries	11	11
	Fixed assets	12,104	4,033
	Purchase of subsidiaries	—	47,644
	Foreign exchange adjustment	467	—
	6% cumulative preference shares	—	30
	Debentures maturing in less than one year	—	2,261
	Working capital of consolidated subsidiary sold	—	650
	Long term debt	2,158	(35,637)
		22,824	27,076
Working capital	Increase in working capital	3,437	6,553
	Beginning of year	95,650	89,097
	End of year	99,087	95,650

The attached notes form an integral part of these statements.

Notes to the Consolidated Financial Statements

1970

1969

Thousands of dollars

1. Principles of consolidation and related information

The consolidated financial statements include the accounts of Imasco Limited and all subsidiaries.

All United States dollar amounts have been translated to Canadian dollars at the exchange rates in effect at year end except for net fixed assets which have been translated at appropriate rates in the years of acquisition.

For purposes of comparison, certain minor adjustments have been made to the 1969 financial statements.

It has been the company's practice to charge directly to retained earnings the excess of the purchase price of the subsidiaries over the value of their assets at dates of acquisition. In 1970 such excess was reduced by \$203 as a result of income tax savings permitted by United States tax laws.

2. Operations by type of business

Sales		
Tobacco	435,249	380,924
Food	112,088	97,515
Retail	39,399	38,673
Wine	5,925	6,070
Intercompany elimination	(10,498)	(10,195)
	582,163	512,987

Earnings from operations

Tobacco	32,720	26,209
Food	3,001	3,379
Retail	784	83
Wine	808	256
	37,313	29,927

General administration and nonrecurring items

	1,784	893
	35,529	29,034

1969 results of the food business are included from the respective dates of acquisition of S and W Fine Foods Inc., Progresso Foods Corp. and Pasquale Bros. Limited.

3. Extraordinary items

Loss on disposal of subsidiary companies	Nil	1,157
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4. Inventories

Inventories by division, valued principally at average cost are :

Tobacco	91,223	78,807
Food	27,295	26,266
Retail	3,835	3,921
Wine	2,940	2,411
	125,293	111,405

Notes to the Consolidated Financial Statements

1970

1969

Thousands of dollars

5. Statutory information

The following items have been charged (credited) before determining net earnings for the year :

Depreciation	4,132	4,371
Interest on long term debt	3,279	2,569
Deferred income taxes	1,121	(299)

Remuneration of directors and senior officers	Present number	During the year	Aggregate remuneration
	1970	1970	1970
Directors, all of whom are officers	10	12	
Officers	17	18	1,084
	1969	1969	1969
Directors, all of whom are officers	9	13	
Officers	14	20	751

Pension plans

Past service costs of employees' pension plans are being funded over a period ending in 1990. At December 31, 1970, the unfunded liability for past service costs amounted to approximately \$2,913 (1969 — \$3,196).

Long term leases

The company has outstanding commitments with respect to long term real estate leases with expiry dates extending to 1996. Rental expenses for the year amounted to \$2,420 (1969 — \$2,337), and the minimum annual rental under such leases amounts to approximately \$1,630 before giving effect to escalation and percentage of sales clauses in certain of the leases.

Capital surplus

Capital surplus consists of amounts transferred from retained earnings as required by the Canada Corporations Act in respect of 6% cumulative preference shares purchased and cancelled.

6. Fixed assets and depreciation

Land	5,184	5,876
Buildings	39,274	31,416
Equipment	53,573	52,068
	98,031	89,360
Accumulated depreciation	44,523	42,304
Fixed assets	53,508	47,056

Fixed assets are stated at cost. Depreciation has been calculated on the basis of the estimated useful lives of the assets.

Notes to the Consolidated Financial Statements		1970	1969
		Thousands of dollars	
7. Long term debt	Payable in U.S. funds		
	Bank loans — payable June 30, 1974 bearing interest at New York prime bank rate plus 1½%	29,321	31,283
	Loan — payable in four annual instalments commencing March 31, 1972 bearing interest at New York prime bank rate less 1%	3,987	4,324
	Sundry mortgages and debentures	1,168	1,349
		34,476	36,956
8. Dividends paid	On 6% cumulative preference shares	348	348
	On common shares	7,736	7,736
		8,084	8,084
9. Capital stock	6% cumulative preference shares, par value \$4.86 2/3 each		
	Authorized and issued	1,650,000 shares	
	Less purchased and cancelled	458,112 shares	
	Outstanding	1,191,888 shares	5,800
	5,800		5,800
	Redeemable sinking fund preference shares, par value \$25 each		
	Authorized	200,000 shares	
	Issued	Nil	
	Common shares, no par value		
	Authorized	10,800,000 shares	
	Issued	9,670,532 shares	48,353
		48,353	48,353
		54,153	54,153
10. Subsequent events	A preliminary prospectus has been filed with Canadian securities commissions as the company is considering long term borrowing to replace the existing loans of \$29,000 U.S.		
	The company has agreed to purchase redeemable preferred shares of Editel Productions Limited in the amount of \$600 payable upon issue. In accordance with a letter agreement dated February 18, 1971 a mortgage liability of \$1,078 U.S. included in long term debt, owing by one of the subsidiaries, may be prepaid on or about May 1, 1971.		

Auditors' Report

To the Shareholders
of Imasco Limited

We have examined the consolidated balance sheet of Imasco Limited and subsidiary companies as at December 31, 1970 and the consolidated statements of earnings, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Deloitte, Haskins & Sells
Chartered Accountants
930 Sun Life Building
Montreal 110, Canada

February 19, 1971

Transfer Agents
Crown Trust Company, Montreal
The Royal Trust Company,
Halifax, Toronto, Calgary, Vancouver

Registrars
Montreal Trust Company, Halifax
National Trust Company, Limited,
Montreal, Toronto, Vancouver
The Royal Trust Company, Calgary

Stock Exchange Listings
Montreal, Toronto, Vancouver and
London, England

Statistical Highlights — Ten Year Review (a)

1970

1969

Sales and earnings	Sales	582,163	512,987
	Depreciation	4,132	4,371
	Earnings before income taxes	31,110	26,016
	Income taxes	15,154	12,540
	Net earnings before extraordinary items	15,691	13,383
	Net earnings after extraordinary items	15,691	12,226
	Earned on common shares before extraordinary items	15,343	13,035
	Per common share	\$ 1.59	\$ 1.35
Dividend record	On preference shares	348	348
	On common shares	7,736	7,736
	Per common share	\$.80	\$.80
Capital expenditures	On fixed assets	12,104	4,033
Financial position	Current assets	173,779	167,818
	Current liabilities	74,692	72,168
	Working capital	99,087	95,650
	Investment in non-consolidated subsidiaries including loans and advances	—	—
	Fixed assets (before depreciation)	98,031	89,360
	Fixed assets (less depreciation)	53,508	47,056
	Long term debt	34,476	36,956
	Excess of assets over liabilities	127,031	119,221
Shareholders' equity	Preference shareholders	5,800	5,800
	Common shareholders	121,231	113,421
	Per common share	\$12.54	\$11.73

(a) 1961/68 revised in accordance with 1969 presentation.

(b) Revised to include Growers' Wine Company Limited and Redwood Food Packing Co.

(c) Revised to include Beau Chatel Wines Limited.

1968(b)	1967	1966(c)	1965	1964	1963	1962	1961
(Thousands of dollars — except 'per common share' statistics)							
421,265	393,315	373,069	366,262	351,456	355,065	373,392	359,105
4,075	4,135	3,835	3,486	3,372	3,327	3,237	3,007
24,730	25,237	24,637	26,778	23,807	23,416	26,261	28,114
12,207	11,656	11,624	12,832	11,228	10,391	12,923	13,659
12,465	13,581	13,013	13,946	12,579	13,025	13,338	14,455
12,646	13,581	13,013	13,946	12,579	13,025	13,338	14,455
12,112	13,215	12,619	13,533	12,156	12,577	12,856	13,973
\$ 1.25	\$ 1.37	\$ 1.30	\$ 1.40	\$ 1.26	\$ 1.30	\$ 1.33	\$ 1.44
353	366	394	413	423	448	482	482
7,736	7,736	8,461	7,253	7,011	7,252	7,737	6,527
\$.80	\$.80	\$.87½	\$.75	\$.72½	\$.75	\$.80	\$.67½
4,404	5,187	8,451	3,491	2,740	5,197	4,146	4,179
125,562	124,295	115,964	120,765	124,015	121,674	123,304	117,990
36,465	32,507	27,786	31,300	28,815	26,911	28,598	27,298
89,097	91,788	88,178	89,465	95,200	94,763	94,706	90,692
17,855	14,821	13,425	13,077	—	—	—	—
81,257	78,044	75,215	67,076	64,928	64,725	61,199	59,493
40,221	38,845	38,198	33,195	33,808	34,769	33,699	33,666
2,261	2,261	2,261	2,262	7,035	8,582	9,987	11,628
139,746	137,929	133,366	129,643	123,966	119,142	114,901	109,782
5,830	5,973	6,518	6,766	6,973	7,215	8,030	8,030
133,916	131,956	126,848	122,877	116,993	111,927	106,871	101,752
\$13.85	\$13.65	\$13.12	\$12.71	\$12.10	\$11.57	\$11.05	\$10.52

